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28th July 2018,
Mr Greg Dyke,
Clerk and responsible Financial Officer
Wellington Town Council
28 Fore Street,
Wellington
Somerset.
TA21 8AQ

Dear Greg,

Annual Report by the internal auditor for the financial year ended 31 March 2018

Thank you for your help in carrying out and completing the internal audit.

I attach my internal audit working papers together with other documents used in the audit. Please retain these for three years.

Your Council should consider the following points which have been based on the Governance and Accountability in Local Council's-a practitioners Guide.

I have the following points to mention:

- VAT: There is a small difference between the cash book and the VAT claims: £4.04 it relates to cheque number 4795 which was returned and then replaced by cheque 4822.
- Asset register, I recommend that all assets are photographed and added to a separate asset register with two valuations. Insurance value and value to the Town Council.
- As at 31st March 201~~6~~⁷ balances stand at £331,440.53 compared to £295,249 in 201~~6~~⁷ an increase of £36,191. I recommend that tight budgetary monitoring is carried out to ensure that this money is spent on the new projects and not added to the already large reserves. Earmarked reserves should be created to hold reserved funds, and these should be documented in the summary of receipts and payments accounts at the year end.
- Un-presented or lost cheques: You have dealt with these by treating them as income in the receipts and payments accounts. The correct way is to reduce your expenditure by entering a credit to the service that the original payment was made, this will reduce the correct expenditure heading and not inflate income. There are five cheques totalling £5,440.23 various cheques. I have had to alter the cash- book and this will change the figures on the audit returns. In future please reduce the expenditure and not treat them as income.
- Petty Cash: Most petty cash is used for hospitality, so I recommend that you do not hold petty cash and use the debit card.
- I note that you are going to introduce payments via the internet and via debit card; I recommend that you create a pro forma to list all payments including salaries which is signed by two authorised signatories prior to making the transactions. This will authorise the clerk to process the payments. Please ensure your Financial regulations reflect this change and it is recorded in the minutes.
- All payments and receipts should be reported in the minutes including salaries. (you can add a line (all salaries)

- All expenses paid to employees should be signed by the chairman.
- All pages of the minutes should be initialled, numbered and the last page signed and dated.
- Risks do not seem to be recorded in the minutes.
- In the receipts and Payments accounts there is a line for devolved services. I recommend that you do not use this description and allocate all costs to specific service headings such as Grants, SLA agreements, donations, etc.
- Large amounts of money are given in grants and there does not seem to be a control or budget process. I recommend that you allocate a budget for a particular period such as quarterly or half yearly and review and award any grants applications in that period and within that budget. To do this you will need to introduce a standardised grants application form. Service level agreements should be taken out of this process
- I recommend that you consider purchasing an accounting system such as RBS that is used by Porlock Parish Council and Minehead Town Council
- I recommend that you sell or donate the old Christmas lights in order to save on storage costs.

Thank you again for providing the accounts and documents.

The Town Council should note that I have carried out a limited internal audit.

The Council must ensure that effective controls are in place and are in operation, to prevent and minimise any possible losses through fraud and corruption.

Yours sincerely,



Bryan Howe
Internal Audit